

# WISCONSIN LEGISLATIVE COUNCIL RULES CLEARINGHOUSE

Ronald Sklansky Clearinghouse Director

Richard Sweet Clearinghouse Assistant Director Terry C. Anderson Legislative Council Director

Laura D. Rose Legislative Council Deputy Director

## CLEARINGHOUSE REPORT TO AGENCY

[THIS REPORT HAS BEEN PREPARED PURSUANT TO S. 227.15, STATS. THIS IS A REPORT ON A RULE AS ORIGINALLY PROPOSED BY THE AGENCY; THE REPORT MAY NOT REFLECT THE FINAL CONTENT OF THE RULE IN FINAL DRAFT FORM AS IT WILL BE SUBMITTED TO THE LEGISLATURE. THIS REPORT CONSTITUTES A REVIEW OF, BUT NOT APPROVAL OR DISAPPROVAL OF, THE SUBSTANTIVE CONTENT AND TECHNICAL ACCURACY OF THE RULE.]

### CLEARINGHOUSE RULE 01-048

AN ORDER to create chapter Adm 46, relating to the high-voltage transmission line fee.

# Submitted by DEPARTMENT OF ADMINISTRATION

04–27–01 RECEIVED BY LEGISLATIVE COUNCIL.

05–25–01 REPORT SENT TO AGENCY.

RNS:DLL:jal;tlu

### LEGISLATIVE COUNCIL RULES CLEARINGHOUSE REPORT

ге	This rule has been reviewed ported as noted below:	l by the Rules Clearingho	ouse. Based on that revie	w, comments ar
1.	STATUTORY AUTHORITY	[s. 227.15 (2) (a)]		in and the second
	Comment Attached	YES 🔙	NO 🖊	e derro sagent La Carlo Markera
2.	FORM, STYLE AND PLAC	EMENT IN ADMINISTR	ATIVE CODE [s. 227.15 (2	2) (c)]
	Comment Attached	YES 🗾	NO	
3.	CONFLICT WITH OR DUP	LICATION OF EXISTING	GRULES [s. 227.15 (2) (d)	]
	Comment Attached	YES	NO 🗾	
4.	ADEQUACY OF REFEREN [s. 227.15 (2) (e)]	CES TO RELATED STAT	UTES, RULES AND FOR	MS of all
	Comment Attached	YES 🗾	NO	
5.	CLARITY, GRAMMAR, PUI	NCTUATION AND USE (	OF PLAIN LANGUAGE [s	s. 227.15 (2) (f)]
	Comment Attached	YES 🔽	NO NO	. 44 × 45 (
5.	POTENTIAL CONFLICTS W REGULATIONS [s. 227.15 (2	/ITH, AND COMPARAB) ) (g)]	LITY TO, RELATED FEI	DERAL
	Comment Attached	YES	NO 🗾	
7.	COMPLIANCE WITH PERM	IT ACTION DEADLINE	REQUIREMENTS [s. 227	.15 (2) (h)]
	Comment Attached	YES	NO 🗾	



# WISCONSIN LEGISLATIVE COUNCIL RULES CLEARINGHOUSE

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### CLEARINGHOUSE RULE 01-048

### **Comments**

[NOTE: All citations to "Manual" in the comments below are to the Administrative Rules Procedures Manual, prepared by the Revisor of Statutes Bureau and the Legislative Council Staff, dated September 1998.]

# 2. Form, Style and Placement in Administrative Code

In s. Adm 46.06 (1), "such" should either be deleted or replaced by "eligible."

# 4. Adequacy of References to Related Statutes, Rules and Forms

In the analysis and in s. Adm 46.01, neither s. 20.002 (13), Stats., nor s. 196.491 (3g), Stats., should be listed as providing statutory authority for this rule. The former section has no relation to the rule, since the rule does not provide for payments to American Indian tribal governments as allowed in that statute. The latter section references the department's rule-making authority but does not itself confer rule-making authority; this section could be listed in the analysis with the statutes interpreted.

# 5. Clarity, Grammar, Punctuation and Use of Plain Language

In the fourth line of the analysis, the word "kilowatts" should be replaced by the word "kilovolts."

### PROPOSED ORDER OF THE DEPARTMENT OF ADMINISTRATION

The Wisconsin Department of Administration proposes an order to create Chapter Adm 46 of the Wisconsin Administrative Code relating to High-Voltage Transmission Line Fee.

### Analysis prepared by the Department of Administration:

Statutory Authority: ss. 16.004(1), 16.969(2), 20.002(13) and

196.491(3g), Stats.

Statute Interpreted: s. 16.969, Stats.

Under 1999 Wisconsin Act 9, the Legislature required persons receiving a Certificate of Public Convenience and Necessity from the Public Service Commission for a high voltage transmission line designed for operation at a nominal voltage of 345 kilowatts or more, to pay to the Department of Administration an annual impact fee and a one time environmental impact fee. The Department of Administration is required to develop rules to establish those fees, then must distribute them to the cities, towns, villages or counties as identified by the Public Service Commission, through which the high voltage transmission lines are routed. The distribution is allocated by the Public Service Commission according to the amount of investment associated with the high voltage transmission line to each such city, town, village and county. The rule will establish payment schedules and procedures as well as the means for distributing the fees collected to the appropriate county, town village or city.

### **Initial Regulatory Flexibility Analysis:**

Pursuant to s. 227.114, Stats., the rule herein is not expected to negatively impact on small businesses.

### TEXT OF RULE:

**SECTION 1:** Adm 46 is created to read.

### Chapter Adm 46

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High-Voltage Transmission Line Fee

Adm 46.01 Authority. Sections 16.004 (1), 16.969 (2), and 20.002(13), Stats., authorize the department to promulgate rules for payment of annual and one-time environmental impact fees by persons issued a certificate for construction of high-voltage transmission lines.

**Adm 46.02 Purpose.** The purpose of this chapter is to establish a process for billing, collecting and distributing annual and one-time environmental impact fees to be paid to the department by persons issued a certificate by the commission for the construction of high voltage transmission lines.

Adm 46.03 Definitions. In this chapter:

KV

- (1) "Certificate" means a certificate of public convenience and necessity issued under s. 196.491 (3) (a) Stats.
- (2) "Commission" means the public service commission.
- (3) "Department" means the department of administration.
- (4) "Eligible municipality" means a county, town, village or city through which a high-voltage transmission line is routed, as identified by the commission under s.196.491 (3) (gm), Stats.
- (5) "High-voltage transmission line" has the meaning given in s. 16.969 (1) (b) Stats.
- (6) "Person" includes all individuals, partnerships, associations, and bodies politic or corporate.
- Adm 46.04 Annual impact fee. (1) ASSESSMENT. (a) Within 60 days of receipt from the commission of the determination of the cost of construction for a high-voltage transmission line, identification of eligible municipalities, and allocation of the associated amount of investment, as required by s. 196.491 (3) (gm), Stats., the department shall invoice the annual impact fee to the person issued a certificate. The amount invoiced shall be equal to 0.3 % of the cost of the high-voltage transmission line as determined by the commission under s. 196.491(3) (gm), Stats. The department shall prorate the annual impact fee in the initial year of assessment based upon the proportion of the year remaining after the date the certificate is issued.
- (b) The department shall adjust any subsequent annual impact fees as necessary upon receipt from the commission of adjusted costs of construction after completion of the construction of a high-voltage transmission line.
- (2) INITIAL YEAR INVOICE AND PAYMENT. In the initial year of assessment, the department shall invoice the person issued a certificate no more than 60 days after the commission transmits the required information to the department under sub. (1)(a). Payment of the fee in the initial year of assessment shall be due 30 days after receipt of the invoice.
- (3) SUBSEQUENT YEAR INVOICE AND PAYMENT. On or before March 1 in each calendar year after the initial year of assessment, the department shall invoice a person issued a certificate in an amount equal to 0.3 % of the cost of the high-voltage transmission line as determined by the commission under s. 196.491(3) (gm), Stats. Payment of the fee in subsequent years shall be due on or before May 1 of each year.
- Adm 46.05 One-time environmental impact fee. A person issued a certificate shall pay a one-time environmental impact fee in the amount of 5 % of the cost of a high-voltage transmission line, as determined by the commission under s. 196.491(3) (gm), Stats. The department shall invoice this

fee no more than 60 days after the commission transmits the required information to the department under s. Adm 46.04. Payment of the fee shall be due 60 days after receipt of the invoice.

- Adm 46.06 Distribution of fees. (1) ANNUAL IMPACT FEES. No more than 60 days after receipt of the fee under s. Adm 46.04, the department shall distribute the fee to each town, village and city that is an eligible municipality in proportion to the amount of investment allocated to each such municipality by the commission under s. 196.491 (3) (gm), Stats.
- (2) ONE-TIME ENVIRONMENTAL IMPACT FEE. No more than 60 days after receipt of the fee under s. Adm 46.05, the department shall distribute 50 % of the fee to each county that is an eligible municipality, and 50% of the fee to each town, village and city that is an eligible municipality, in proportion to the amount of investment allocated to each by the commission under s. 196.491 (3) (gm) Stats.

Adm 46.07 Late Payments. Annual impact fee payments received by the department more than 30 days after the date the invoice is received in the initial year of assessment, or after May 1 in subsequent years, shall be assessed interest at a rate, and in the same manner, as required by the commission for customer deposits for residential service as specified in s. PSC 113.0402(9)(b).

This rule shall take effect on the first day of the month commencing after the date of publication in the Wisconsin Administrative Register as provided in s. 227.22(2)(intro.), Stats.

Dated: 4-22-01

George Lightbourn, Secretary Department of Administration



SCOTT McCALLUM GOVERNOR GEORGE LIGHTBOURN SECRETARY Office of the Secretary Post Office Box 7864 Madison, WI 53707-7864 Voice (608) 266-1741 Fax (608) 267-3842 TTY (608) 267-9629

October 4, 2001

Honorable Fred Risser, President Wisconsin State Senate 220 South, State Capitol Madison, WI 53702

Honorable Scott Jensen, Speaker Wisconsin State Assembly 211 West, State Capitol Madison, WI 53702

RE: Rules Clearinghouse No. 01-048

Dear Senator Risser and Representative Jensen:

Enclosed, in final draft form, is Chapter Adm 46, Wis. Adm. Code, relating to the High-Voltage Transmission Line Fee. The fiscal estimate for this rule is also attached.

A copy of the Legislative Council Rules Clearinghouse Report is enclosed. All of the comments of the Clearinghouse have been incorporated into the rule. A public hearing was held on the rule on July 30, 2001, in Madison. The names of the persons who appeared at the hearing are provided on the enclosed hearing registration forms. Also enclosed is a transcript of the hearing and copies of the written comments submitted to the Department in response to the proposed rule.

The final enclosure is a summary of all the comments received by the Department and the Department's response to those comments. This document provides an explanation of the modifications made to the proposed rule as a result of the comments received by the Department.

We respectfully request submittal of the rule to the appropriate standing committees for review.

Sincerely.

cc: Revisor of Statutes

Joint Committee on Review of Administrative Rules Senter Rober Co-chair

## PROPOSED ORDER OF THE DEPARTMENT OF ADMINISTRATION

The Wisconsin Department of Administration proposes an order to create Chapter Adm 46 of the Wisconsin Administrative Code relating to High-Voltage Transmission Line Fee.

# Analysis prepared by the Department of Administration:

**Statutory Authority**: ss. 16.004(1), 16.969(2), and 227.11(2)(a), Stats. **Statute Interpreted**: s. 16.969, Stats.

Under 1999 Wisconsin Act 9, the Legislature required persons receiving a Certificate of Public Convenience and Necessity from the Public Service Commission for a high voltage transmission line designed for operation at a nominal voltage of 345 kilovolts or more, to pay to the Department of Administration an annual impact fee and a one time environmental impact fee. The Department of Administration is required to develop rules to collect those fees based on a statutory formula, and distribute them to the cities, towns, villages or counties as identified by the Public Service Commission, through which the high voltage transmission lines are routed. The distribution is allocated by the Public Service Commission according to the amount of investment associated with the high voltage transmission line to each such city, town, village and county. The rule will establish payment schedules and procedures as well as the means for distributing the fees collected to the appropriate county, town village or city.

# Final Regulatory Flexibility Analysis:

Pursuant to s. 227.114, Stats., the rule herein is not expected to negatively impact on small businesses.

### TEXT OF RULE:

**SECTION 1:** Adm 46 is created to read.

### Chapter Adm 46

## High-Voltage Transmission Line Fee

**Adm 46.01 Authority.** Sections 16.004 (1), and 16.969 (2), Stats., authorize the department to promulgate rules for payment of annual and one-time environmental impact fees by persons issued a certificate for construction of high-voltage transmission lines.

**Adm 46.02 Purpose.** The purpose of this chapter is to establish a process for billing, collecting and distributing annual and one-time environmental impact fees to be paid to the department by persons issued a certificate by the commission for the construction of high voltage transmission lines.

## Adm 46.03 Definitions. In this chapter:

- (1) "Certificate" means a certificate of public convenience and necessity issued under s. 196.491 (3) (a) Stats.
- (2) "Commission" means the public service commission.
- (3) "Department" means the department of administration.
- (4) "Eligible municipality" means a county, town, village or city through which a high-voltage transmission line is routed, as identified by the commission under s.196.491 (3) (gm), Stats.
- (5) "High-voltage transmission line" has the meaning given in s. 16.969 (1) (b) Stats.
- (6) "Initial year of construction" means the calendar year in which construction of a high-voltage transmission line begins, as determined by the commission.
- (7) "Person" includes all individuals, partnerships, associations, limited liability companies and bodies politic or corporate.
- Adm 46.04 Annual impact fee, invoice and payment. (1) INITIAL YEAR OF CONSTRUCTION. In the initial year of construction, no more than 60 days after construction has begun and the commission transmits to the department the determination of the cost of construction for a high-voltage transmission line, identification of eligible municipalities, and allocation of the associated amount of investment, the department shall invoice the person issued a certificate the annual impact fee in an amount equal to 0.3 % of the cost of the high-voltage transmission line as determined by the commission under s. 196.491(3) (gm), Stats. The department shall prorate the annual impact fee in the initial year of construction based upon the proportion of the year remaining after the date construction begins. Payment of the fee in the initial year of construction shall be due 45 days after the date the invoice is mailed by the department.
- (2) SUBSEQUENT YEAR INVOICE AND PAYMENT. On or before March 1 in each calendar year after the initial year of construction, the department shall invoice a person issued a certificate in an amount equal to 0.3 % of the cost of the high-voltage transmission line as determined by the commission under s. 196.491(3) (gm), Stats. Payment of the fee in subsequent years shall be due on or before May 1 of each year.
- (3) FEE ADJUSTMENT. The department shall adjust any subsequent annual impact fee as necessary upon receipt from the commission of adjusted costs of construction after completion of the construction of a high-voltage transmission line.

- Adm 46.05 One-time environmental impact fee. (1) In the calendar year in which construction of a high-voltage transmission line begins, a person issued a certificate shall pay a one-time environmental impact fee in the amount of 5 % of the cost of the high-voltage transmission line, as determined by the commission under s. 196.491(3) (gm), Stats. The department shall invoice this fee no more than 60 days after the commission transmits the required information to the department under s. Adm 46.04. Payment of the fee shall be due 60 days after receipt of the invoice.
- (2) The department shall adjust the one-time environmental impact fee as necessary upon receipt from the commission of adjusted costs of construction after completion of the construction of a high-voltage transmission line if the adjusted costs exceed the initial cost determination made by the commission under 196.491(3)(gm), Stats.
- Adm 46.06 Distribution of fees. (1) ANNUAL IMPACT FEES. No more than 60 days after receipt of the fee under s. Adm 46.04, the department shall distribute the fee to each town, village and city that is an eligible municipality in proportion to the amount of investment allocated to each eligible municipality by the commission under s. 196.491 (3) (gm), Stats.
- (2) ONE-TIME ENVIRONMENTAL IMPACT FEE. No more than 60 days after receipt of the fee under s. Adm 46.05, the department shall distribute 50 % of the fee to each county that is an eligible municipality, and 50% of the fee to each town, village and city that is an eligible municipality, in proportion to the amount of investment allocated to each by the commission under s. 196.491 (3) (gm) Stats.

Adm 46.07 Late Payments. Annual impact fee payments received by the department more than 45 days after the date the invoice is mailed in the initial year of assessment, or after May 1 in subsequent years, shall be assessed interest at a rate, and in the same manner, as required by the commission for customer deposits for residential service as specified in s. PSC 113.0402(9)(b).

This rule shall take effect on the first day of the month commencing after the date of publication in the Wisconsin Administrative Register as provided in s. 227.22(2)(intro.), Stats.

Dated: 10-1-0(

George Lightbourn, Secretary Department of Administration

LRB #  INTRODUCTION #  CORRECTED SUPPLEMENTAL Admin. Rule # 46  Subject Creates Chapter Adm 46 of the Wisconsin Administrative Code relating to High-Volt  Fiscal Effect State:  No State Fiscal Effect	2001 Session  age Transmission Line Fees.
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Fiscal Effect	age Transmission Line Fees.
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epared By: / Phone # / Agency Name Authorized Signature / ejephone No.	Date
thleen Moore/266-6497/Administration Change E. McDowell/267-3836	March 20, 2001

# Public Comment Speaker Registration Card

Board during the public comment period of the meeting,
please fill out the information below and return the card to the registration table. If you have
nandouts for the Board, please give them to the Staff for distribution to the Board
members. Ten copies are required (nine for the Board, one for staff). Thank you.
Name (Please Print): Peter Houtz
( ) ( ) ( ) ( ) ( ) ( ) ( ) ( ) ( ) ( )
Organization: AMERICAN Transmission Company  Address: 1/191123993 Rdown Decided
Organization: FOMERICAN Nausmission Company
Address: N/9 W 239 93 Ridgeview PKWy W
Phone Number: (262) 506.6874
Tholic (262) 306 . 68 /4
E-mail Address: PHOLTZ@ATCLLC.Com
Subject: Proposed April 46 Wis Armin Code
En C
101 /

# BEFORE THE STATE OF WISCONSIN DEPARTMENT OF ADMINISTRATION

COMMENTS OF AMERICAN TRANSMISSION COMPANY LLC AND ATC

MANAGEMENT INC. REGARDING THE PROPOSED CREATION OF CHAPTER

ADM. 46, WISCONSIN ADMINISTRATIVE CODE

American Transmission Company LLC, a Wisconsin limited liability company, and its corporate manager, ATC Management Inc., a Wisconsin business corporation (together referred to as "ATC" or "the Company") appreciate the opportunity to provide comments concerning proposed Chapter Adm. 46, Wisconsin Administrative Code, relating to high voltage transmission line fees. ATC is a Wisconsin public utility, whose creation was approved by the Public Service Commission of Wisconsin ("PSCW" or "the Commission") on December 22, 2000 in Docket No. 137-NC-100. On January 1, 2001 and in accordance with the provisions of Section 196.485, Wis. Stats. and the order of the PSCW in Docket No. 137-NC-100, ATC became the owner and operator of high voltage transmission lines throughout eastern Wisconsin. This occurred by virtue of the contribution to ATC of the high voltage transmission facilities of Madison Gas & Electric Company, Wisconsin Electric Power Company, Wisconsin Power & Light Company and Wisconsin Public Service Corporation. In late June, 2001, an additional investor owned utility in Michigan and a number of other municipal utilities and rural electric cooperatives transferred their high voltage transmission lines to ATC. ATC is thus

responsible for owning, operating, maintaining and constructing high voltage transmission lines throughout a significant portion of the State of Wisconsin. As such, ATC would be affected by the proposed impact fees and is interested in the proposed rule making.

ATC supports the proposed rule which would impose an annual impact fee and a one-time environmental impact fee on an entity, such as ATC, which constructed a high voltage transmission line designed for operation at a nominal voltage of 345 kV or greater. The Company, however, has concerns that as presently drafted, certain of the proposed sections could be misinterpreted as to the timing of the payment of the one time environmental impact fee and the start of the annual impact fee payments. Both proposed Section Adm. 46.04 and 46.05, Wis. Adm. Code, key the respective payments to various determinations by the PSCW including the cost of construction of the specific 345 kV transmission line. The PSCW's cost of construction determination is required by Section 196.491(3)(gm), Wis. Stats.

ATC believes that the cost of construction determination by the Commission should be the after-the-fact actual cost of constructing a specific transmission line. The Company believes that any ambiguity in proposed rule sections Adm. 46.04 and 46.05 would be eliminated by inserting the words "actual completed" prior to the words "cost of construction".

The Company does not believe it would be reasonable to take the view that costs of construction could be determined prior to completing the construction of a transmission line, which seems to be implied by Section Adm. 46.04(1)(b). For the reasons set forth below, this proposed section should be deleted.

In the first instance, receipt of approval to construct a project from the PSCW does not necessarily mean that construction on the project will commence immediately. The PSCW order for a specific project may be challenged, detailed engineering and construction planning must take place and land rights must be acquired. These processes could take significant time, depending upon the specific transmission line project involved and, the mere granting of PSCW approval does not ensure that a line would actually be constructed and placed into utility service. If a proposed transmission line received PSCW approval but were not constructed, there would be no impact, thus the fundamental reason for the annual and one-time impact fees would not be realized. In such event, to the extent that the impact fees were made payable based upon estimated costs prior to actual construction, a return of the impact fees received by various state agencies and municipalities would seem appropriate. This could be an extremely complicated process and one to be avoided, if possible.

In conclusion, ATC believes that revision of proposed Sections Adm. 46.04 and 46.05 to clarify that the certified costs of construction are the actual completed costs of construction and of placing the proposed transmission line into utility service are what

should trigger payment of the one-time environmental impact fee and the initiation of the annual impact fee payments.

Respectfully submitted,

American Transmission Company LLC and its corporate manager, ATC Management Inc.

Dated: July 30, 2001

# Public Comment Speaker Registration Card

please fill out the information below and return the card to the registration table. If you have handouts for the Board, please give them to the  Staff for distribution to the Board members. Ten copies are required (nine for the Board, one for staff). Thank you.
Name (Please Print): Dadid J. Jenkins
Title: WECA Dio. Hgr.
Organization: Disceni fe India of Coopulai.
Address: 131 a. Wilson St. Madison, 21 53703
Phone Number: 608 - 258-4400
E-mail Address: dasid. journs @ wfcMAC.org.
Subject: #DM. 46
for /



30 West Mifflin Street, Suite 401 • Madison, WI 53703 • Phone (608) 258-4400 • FAX (608) 258-4407

Statement of David J. Jenkins WECA Division Manager Wisconsin Federation of Cooperatives

on the proposed High-Voltage Transmission Fee Rule

July 30, 2001

The Wisconsin Federation of Cooperatives represents the state's 23 electric distribution cooperatives, serving 200,000 farms, families and businesses in rural Wisconsin. Our association supported the legislation creating both the environmental impact fee and annual impact fee from high-voltage transmission lines.

We concur with the testimony of the Energy Lifeline Coalition in support of the rule. However, we ask the Department of Administration to consider adding additional language that would give local governments and local landowners more flexibility and more opportunity to target revenues they receive from the fee.

In my comments, I am referring only to the annual impact fee portion of the rule, not the one-time environmental impact fee.

First, it is unclear to us whether a municipality has the authority to provide all or part of the revenue from the annual fee to landowners who have given an easement (or who have gone through a condemnation proceeding) so the particular line can be built. An example would be a credit on the landowners' property tax bills, in additional compensation for the taking that occurred.

In respect to this fee, if a municipality does not have such authority now, the Department should include in the rule language that grants such authority.

Second, the Department should require that recipients of the fee revenue consider as an option the provision of property tax credits to those landowners who have given up a property right so that the transmission facility could be constructed. This language would not mandate that any specific amount be provided landowners for this purpose, but would simply require that the municipality must consider providing all or part of the annual fee revenues in the form of a property tax credit to landowners who have endured a taking.

The purpose of the second suggestion is this:

But for the fact that landowners along a transmission line route give easements (or undergo an eminent domain proceeding) there would be **no impact fees at all** for the local unit of government. This provision is a means by which additional compensation can at least be considered by local governments. Presently, local governments are under no obligation to even consider providing some kind of additional property tax credit to the people who make the sacrifice of a property right.

People who give up property rights might get nothing out of this process, unless there is some mechanism to provide local government with both the authority to do so and the obligation to at least consider providing this kind of help to landowners.

In summary, the aim of our suggestions if to provide more flexibility to local government, but also to establish conditions whereby interests of local property owners who have given up a property right can be recognized in the form of a property tax credit.

Thank you very much.

### TRANSCRIPT OF CHAPTER ADM 46 PUBLIC HEARING ON JULY 30, 2001

SAUNDERS: We're here today for a public hearing on proposed administrative rule Adm 46, high-voltage transmission line fee rule. The Department of Administration has set at this time and place a public hearing pursuant to sections 16.004(1), 16.969(2) and 227.11(2)(a) of the Wisconsin Statutes to consider the creation of rules relating to high-voltage transmission line fees. My name is Mark Saunders; I'm Deputy Legal Counsel for the Department of Administration. With me is John Marx, Administrator of the Division of Energy and Public Benefits in the Department of Administration as well. Also present are some other individuals from the Division of Energy and Public Benefits.

Jim Mapp, the energy star coordinator. Pat Meier, Bureau Director and I see Don Wichert here. Don, I don't know your title.

WICHERT: (inaudible)

SAUNDERS: Okay, thank you. In the mid-July 2001 issue of the Wisconsin Administrative register, notice was given that a public hearing would be held to consider adoption of this rule. In addition, copies of the rule were made available to interested parties. Copies of the notice were also hand-delivered to the press boxes located in Room 235 Southwest of the State Capitol Building on July 18, 2001. The purpose of today's hearing is to give all interested persons or their representatives an opportunity to present facts, views or arguments regarding the proposed rule. In addition to today's testimony, the Department will accept written comments or questions received by August 10, 2001. Please

direct any written comments to Donna Sorenson, Department of Administration, 101 East Wilson Street, Box 7864, Madison, Wisconsin 53707. If any of you here want that address, I'll give it to you later after the close of the hearing. Wisconsin law requires that all persons present at this hearing have an opportunity to present their arguments and comments to the agency or office responsible for promulgating these rules. The Secretary of the Department of Administration has final responsibility for that promulgation. The Secretary has determined that all arguments addressed to him should be made in writing. Consequently, a transcript of this hearing along with your written comments will be provided to him so that he will receive your arguments and comments prior to the rule promulgation. The proposed rule creates Chapter Adm 46 of the Wisconsin Administrative Code. Under 1999 Wisconsin Act 9, the Legislature required persons receiving a certificate of public convenience and necessity from the Public Service Commission for construction of a high-voltage transmission line designed for operation at a nominal voltage of 345 kilovolts or more, to pay to the Department of Administration an annual impact fee and a one-time environmental impact fee. The Department of Administration is required to develop rules to collect those fees based on a statutory formula and distribute them to the cities, towns, villages or counties as identified by the Public Service Commission through which the high voltage transmission lines are routed. The distribution is allocated by the Public Service Commission according to the amount of investment associated with the high-voltage transmission line to each such city, town, village and county. The rule will establish payment schedules and procedures as well as the means for distributing those fees collected to the

appropriate county, village, town or city. The proposed rule was submitted to the Wisconsin Legislative Council Clearinghouse on April 23, 2001 for their review, analysis and recommendations. The Legislative Council issued its report on the proposed rule on May 25, 2001. The Department will be amending the rule based on comments suggested by the Legislative Council and, in fact, the version that went out in the notice and that we have copies of up front here does contain or incorporates those changes as well as some other earlier comments made by interested parties. So, now, I'm going to go through the--we have two people signed up for appearing. If you would just come on up and sit here when I call your name. I'll have you give your address. First up is Peter Holtz from the American Transmission Company and he's speaking essentially for--

HOLTZ: Thank you. My name is Pete Holtz. I'm with the American Transmission Company. Do you need the address? I provided written comments, but I'd like to reiterate a number of items that were part of those written comments. ATC, American Transmission Company, is responsible for owning, operating, maintaining and constructing the high-voltage transmission system throughout most of the State of Wisconsin, the Upper Peninsula and a small part of Illinois. As such, ATC would be directly impacted by the impact fees and is interested in the rulemaking. ATC supports the proposed rule which would impose an annual impact fee and a one-time environmental impact fee on an entity such as ourself which construct high-voltage transmission lines, these are designed—those that are designed to operate at a nominal voltage of 345 kilovolts or above. Although we do have a concern with the way the rule is

presently drafted. Certain of the proposed sections may be misinterpreted as to the timing of the payment of the one-time environmental impact fee and the start of the annual fee payments. Both proposed in sections 46.04 and 46.05, key the respective payments to various determinations by the Public Service Commission of Wisconsin including the cost of construction of the specific 345 thousand volt transmission line. The PSCW's cost of construction determination is required by section 196.491(3)(gm), of the Wisconsin State Statutes. ATC believes that the cost determination by the Commission should occur after the fact using actual cost of construction of a specific transmission line. The Company believes that any ambiguity in the proposed rule sections of both 46.04 and 46.05 would be eliminated by inserting the words "actual completed" prior to the "cost of construction" in 46.04, and in 46.05, before "cost of the high-voltage transmission line." The Company does not believe that it would be reasonable to take the view that costs of construction could be determined prior to completing construction of the transmission line which seems to be implied in section 46.04. For the reasons set forth below, this proposed section should be deleted. 46.04, paragraph 1, subsection b should be eliminated. In the first instance, receipt of approval to construct a project from the Public Service Commission of Wisconsin does not necessarily mean that the construction of the project will commence immediately. The Public Service Commission order for a specific project may be challenged. Detailed engineering and construction planning must take place, land rights must be acquired and the actual construction, which may take several years, needs to occur. These processes can take significant time depending upon the specific transmission line project involved and the mere granting of a PSCW approval

does not ensure that the line would actually be constructed and placed into utility service. If a proposed transmission line received PSCW approval but were not constructed, there would be no impact, thus, the fundamental reason for the annual and one-time impact fees would not be realized. In such an event, to the extent that the impact fees were made payable based on the estimated cost prior to actual construction, a return of the impact fees received by various state agencies and municipalities would seem appropriate. This could be extremely complicated and one to be avoided if possible. So in conclusion, ATC believes that revisions of the proposed sections Adm 46.04 and 46.05 to clarify that the certified costs of construction are the actual completed costs of construction and of placing the transmission line in utility service are what should trigger the payment of the one-time environmental impact fee and the initiation of the annual impact fee payments. That completes my statement.

SAUNDERS: Just as a comment, Peter. That is something that we've discussed before. Excuse me, Ma'am, if you would like to sign up to speak--

### ?: I don't want to speak.

SAUNDERS: Okay, there's a copy of the rule here too, if you would like that.

Sorry, Peter. Just note that we have looked at that problem and it appears that we're bound by statute, the way the statute is drafted, this Department anyway, to react to the PSC and when their determinations—when they set this

information. And I don't know whether the PSC is addressing that by rule or not. But it's a problem that has been recognized--

HOLTZ: Okay.

SAUNDERS: -- and we will be looking at that.

HOLTZ: It seemed to be a logical change--

SAUNDERS: It does seem--

HOLTZ: --administration.

SAUNDERS: But it doesn't quite jive with how the statutory language reads so that presents a bit of a problem.

HOLTZ: So is the Public Service Commission--you don't know if they're making--

SAUNDERS: I don't know how they're handling it. Do you know?

MARX: No, I don't know the answer to that yet. But we will find out and get back to you.

HOLTZ: Okay. Thank you.

SAUNDERS: Next up to speak is David Jenkins from the Wisconsin Federation of Cooperatives, he's speaking essentially for the rule with some suggested changes.

MARX: Do you have copies of Peter's remarks?

SAUNDERS: Yes, I do.

HOLTZ: I have additional copies.

SAUNDERS: Thanks.

JENKINS: My name is Dave Jenkins, I'm the Wisconsin Electric Coop
Association Division manager of the Wisconsin Federation of Cooperatives. Our
organization represents the state's 23 electric cooperatives some of whom have
as members persons across whose land any final route that is selected, if the
Public Service Commission approves this project, would be impacted by this. I
don't want to just read the testimony. I'll just summarize it. First, I wanted to
add our organization's agreement with Mr. Holtz's comments that certainly we
have some members that are transmission users and we wouldn't want them to
have to pay transmission fees and rates if we don't know the final cost of the
construction of the project that those fees are based on. That seems to be
logical. So I think that was a comment that we would support. The Energy
Lifeline Coalition, which our organization is a part of, has supported this rule

and we concur in that support. But our organization alone would like to add two suggestions for the Department to consider. And the first is to clarify whether or not a municipality who is a recipient of this fee, revenue, could use that for property tax credits for persons who have endured a taking of their land either through voluntary granting of easement agreements or through a eminent domain proceeding. So the first suggestion is clarifying a municipality's right to make property tax credits to those persons. And I don't know if the municipality has the authority to do that or not, I'm not an attorney. Second, and I think as important, providing that authority to the municipality if the Department can do that, is a requirement that local units of government that are recipients of this fee, be required to consider as an option, the provision of property tax credits from the annual fee portion of the impact fees only not the environmental part, to require local units of government to consider as an option providing property tax credits to landowners who have given up a property right so the transmission line can cross their land. That's the summary of the two suggestions we would like to make. Our organization has a resolution supporting one of the transmission projects that's proposed now that as a condition of our support says that we want to see landowners fully and fairly compensated for any loss of property rights that they endure in this process. And so we offer these suggestions in the spirit of trying to make sure that not just government is taken care of in this process by this fee but people. If there are landowners and their town believes that those landowners as a class should get a property tax credit, that the path is clear for them. So that's the spirit in which we offer this. And if you have questions of me about the uniformity clause, I can't answer them.

SAUNDERS: Just to point out, this Department's authority is fairly, as I mentioned to Mr. Holtz, it's fairly limited. We basically are a billing and collecting type of agency for this process and even the statutory fee amount and how it's distributed to is all set by statute. You raised some good points and again, I think, a discussion with PSC is probably in order. But I did want to point out that in the statute, it does say regarding the one-time environmental impact fee, that it may only be used for parks, conservancy, wetland and other similar environmental programs, so it does seem to restrict--

JENKINS: Right.

SAUNDERS: --that one fee.

JENKINS: My comments weren't about that part of it. Just about the annual fee because, yes, the last part of the statute says you can't tamper with environmental items.

SAUNDERS: Okay. That's the end of the appearance portion of the hearing unless someone else would like to speak and if so, just come on up. Otherwise, I guess that will conclude the public hearing. Thank you for coming. I'll let you know that, actually I think what we should probably do is give this another 5 minutes and see if anybody else shows. But it doesn't look like anybody's going to show. Just to let you know, then, we will take these comments, we have until August 10th, the public has until August 10th, to submit written comments

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and after that point then, we'll take those comments and determine whether or not and to what extent we will make changes to the rules. And then begin the promulgation process after that and so it looks like roughly speaking, towards the end of August, starting that process. And I guess, do you all have contact information in case you want to contact us? And with that, I guess I'm going to keep this open for another 5 minutes, but you are free to go. Thanks. We're back on the record. It's 1:26 p.m. and there have been no more people appearing at the hearing, so we will close the public hearing.

Summary of rule revisions based on comments from the Rules Clearinghouse, hearing testimony and written comments received by the Department.

#### **CLEARINGHOUSE RULE 01-048**

#### CHAPTER Adm 46

# DEPARTMENT RESPONSE TO RULES CLEARINGHOUSE RECOMMENDATIONS

All comments from the Wisconsin Legislative Council Rule Clearinghouse have been adopted and incorporated into the rule.

### DEPARTMENT RESPONSE TO WRITTEN COMMENTS

1. Walter T. Woelfle, Vice President American Transmission Company ("ATC").

ATC wrote to express concern that at the time that a certificate of public convenience and necessity (CPCN) is issued, a variety of factors could potentially delay construction or result in project cancellation, such as rehearings, legal challenges, and real estate acquisitions. Since the CPCN sets forth the <u>estimated</u> cost of construction of the project, upon which the impact fees are determined, ATC proposed the following: that the rule should specify that the Public Service Commission be responsible for establishing not only the payment amount but also the payment schedule as part of the CPCN; and that the timing of the payment should recognize that a transmission line may never actually be built, so payments should be tied to certain construction milestones. ATC also noted that if the timing of payments is eventually determined to be at some point other than at the point of completion of the transmission line construction project, proposed section Adm. 46.04 (b) should remain and be added to section Adm. 46.05.

### Response:

The Department of Administration authority is limited: it completely lacks the ability to set parameters on the Public Service Commission (PSC), and has no statutory responsibility to determine actual construction costs. However, the proposed rule has been changed in order to provide for adjustment of the environmental impact fee, in the manner provided for the annual impact fee if, after completion of construction, the actual cost exceeds the initial estimated cost. The rule adds a definition in Adm. 46.03 (6), and language in Adm. 46.05 (1) and (2) similar to that found in Adm. 46.04 that and allow for a cost "true-up" after construction is complete. In addition, Adm 46.04 (1) and (2) have been modified to recognize the interaction between the start of construction and the Department's invoicing of the fee to the person/entity that has been issued the Certificate of Public Convenience and Necessity.

2. Attorney Trevor J. Will, Foley and Lardner, on behalf of the Wisconsin Public Service Corporation.

Attorney Will wrote in support of the American Transmission Company's comments referenced above.

### Response:

See Response No. 1.

3. A coalition made up of the League of Wisconsin Municipalities,
Metropolitan Milwaukee Association of Commerce, Midwest Food
Processors Association, Municipal Electric Utilities of Wisconsin,
Wisconsin Alliance of Cities, Wisconsin Economic Development
Association, Wisconsin Grocers Association, Wisconsin Health & Hospital
Association, Wisconsin Industrial Energy Group, Wisconsin Merchants
Federation, Wisconsin Paper Council, and Wisconsin Restaurant
Association.

This coalition wrote in support of the administrative rule as proposed.

### Response:

No rule modification required.

4. Tom Kreager, private citizen.

Mr. Kreager also wrote concerning the issue brought of providing an adjustment of the environmental impact fee after the completion of construction and actual costs are determined. He further requested that consideration should be given to including ongoing compensation similar to the annual impact fee to all landowners affected.

### Response:

See Response No. 1. The Department of Administration has no authority to proscribe annual impact fees.

LEAGUE OF WISCONSIN MUNICIPALITIES • METROPOLITAN MILWAUKEE
ASSOCIATION OF COMMERCE • MIDWEST FOOD PROCESSORS
ASSOCIATION • MUNICIPAL ELECTRIC UTILITIES OF WISCONSIN •
• WISCONSIN ALLIANCE OF CITIES • WISCONSIN ECONOMIC
DEVELOPMENT ASSOCIATION • WISCONSIN GROCERS ASSOCIATION •
• WISCONSIN HEALTH & HOSPITAL ASSOCIATION •
• WISCONSIN INDUSTRIAL ENERGY GROUP •
• WISCONSIN MERCHANTS FEDERATION • WISCONSIN PAPER COUNCIL •
• WISCONSIN RESTAURANT ASSOCIATION •

August 3, 2001

John Marx Wisconsin Department of Administration 101 East Wilson Street Madison, WI 53707 DEPARTMENT OF ADMINISTRATION

AUG - 7 2001

DIVISION OF ENERGY

Dear Mr. Marx:

We are writing on behalf of the organizations we represent to express our support for the transmission impact fee rule (proposed Chapter Adm. 46, Wis. Admin. Code) prepared by your department. The issue of transmission line siting can be very contentious, and we appreciate that the Department of Administration has moved forward to implement the transmission line impact fee rule.

We have reviewed the rule and believe it appropriately implements the impact fee provisions of the Reliability 2000 law. By recognizing and mitigating the social and environmental costs of transmission facilities, the rule will help ease some of the difficulty in siting these essential facilities. Please contact us if you have any questions about our support for the impact fee rule.

Respectfully,

Curtis Witynski, Legal Counsel League of Wisconsin Municipalities

Paul Julius, Executive Director Midwest Food Processors Association

David J. Benforado, Executive Director Municipal Electric Utilities of Wisconsin Edward Huck, Executive Director Wisconsin Alliance of Cities

James E. Hough, *Executive & Legislative Director* Wisconsin Economic Development Association

Matthew Sande, *Director of Health Policy* Wisconsin Health and Hospital Association

Richard Olson, General Counsel Wisconsin Industrial Energy Group Douglas Q. Johnson, Senior VP & General Counsel
Wisconsin Merchants Federation

Thomas H. Schmidt, *President* Wisconsin Paper Council

Brandon Scholz, *President* Wisconsin Grocers Association

Edward J. Lump, Executive Vice President Wisconsin Restaurant Association

Peter Beitzel, Vice President of Business

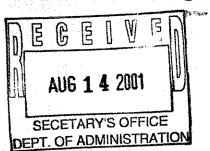
Development

Metropolitan Milwaukee Association of Commerce

Cc. John Hary 8/14

August 7, 2001

Donna Sorenson
Dept. Of Administration
PO Box 7864
Madison, WI 53707-7864



Dear Donna,

Following are my thoughts on creation of Chapter Adm 46 of the Wisconsin Administrative Code, relating to High-Voltage Transmission Line Fees.

Adm 46.05 One-time environmental impact fee. This item should also be subject to an adjustment after completion of construction of a high voltage transmission line and receipt of the actual construction costs.

In addition I think consideration should be given to including ongoing compensation similar to the annual impact fee to all landowners affected by the construction of a high voltage transmission line, after all, they are the ones who are really making in the biggest sacrifice.

Sincerely,

Tom Kreager



AUG 1 0 2001

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DEPT. OF ADMINISTRATION

August 8, 2001

Ms. Donna Sorenson Department of Administration P.O. Box 7864 Madison, WI 53707-7864

Re: Additional Comments on proposed Chapter Adm.46

Dear Ms. Sorenson:

Enclosed are additional comments from American Transmission Company LLC, a Wisconsin limited liability company, and its corporate manager, ATC Management Inc., a Wisconsin business corporation ("ATC"), concerning the proposed Chapter Adm. 46, Wisconsin Administrative Code, relating to high voltage transmission line fees.

ATC provided both verbal and written comments at the July 30, 2001 public hearing. The enclosed comments are meant to provide supplemental commentary as to how the code will be administered. Copies of these comments are also being provided to the Public Service Commission of Wisconsin, as they will be the agency responsible for establishing the actual schedule and level of payments.

We appreciate the opportunity to provide input to these rules.

Very truly yours,

Walter T. Woelfle

Vice President, Legal and Secretary

Wasker T. Woefle /mdh

Enclosure

CC: Jim Loock - PSCW
David Ludwig
Scott Cullen
Jim Mapp - DOA
Mark Saunders

# BEFORE THE STATE OF WISCONSIN DEPARTMENT OF ADMINISTRATION

### ADDITIONAL COMMENTS OF

American Transmission Company LLC, a Wisconsin limited liability company, and its corporate manager, ATC Management Inc., a Wisconsin business corporation (together referred to as "ATC" or "the Company") provided comments concerning the timing of the environmental impact fee payments at the July 30, 2001 public hearing. During the proceedings, DOA indicated that the specifics of the rule would be established by the PSCW and that DOA only acted as the agent for receiving and distributing payments. As a result of this discussion and subsequent discussions with the PSCW, ATC offers additional comments.

The following comments are offered to ensure consistency across orders and to recognize the potential ambiguities over the actual start of a project. At the point a CPCN is issued there are a variety of factors that could potentially delay construction or result in a projects cancellation, such as, re-hearings, court appeals and real estate acquisition. The goal of these suggestions is to ensure communities receive the impact fees in recognition of actual construction impacts and to avoid any repayments should a project not go forward.

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The proposed DOA rule should specify that the PSCW is responsible for establishing not only the payment amount but also the schedule as part of the

specific CPCN order for a project.

The timing should be tied to criteria that recognize that a transmission line will

actually be built. As ATC indicated in our comments, the most specific time

would at the point the line is completed and placed in service. However the timing

of payments could be tied to other milestones, such as when the CPCN order is

final and no longer appealable and when all of the right of way has been secured.

For generating projects an additional condition could be tied to the

commencement of construction of the generator.

If the timing of payments is determined to be at a point other than at the point of

completion, clause Adm. 46.04 b should remain in the law and be added as Adm.

46.05 b. This will allow a truing up to actual expenses for both portions of the

impact fee.

ATC appreciates the opportunity to provide additional comments.

Representatives of ATC would be glad to answer any questions from either agency,

concerning the application of this new rule.

Respectfully submitted,

American Transmission Company LLC

and its corporate manager, ATC Management Inc.

Dated: August 8, 2001

T:\\_Admin\DOA Adm-additional comments 8 7 01.doc

2

# FOLEY & LARDNER

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AUG 1 4 2001

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CLIENT/MATTER NUMBER 086120-0660

WEST PALM BEACH

August 10, 2001

#### VIA FACSIMILE AND U.S. MAIL

Ms. Donna Sorenson
Department of Administration
P.O. Box 7864
Madison, WI 53707-7864

Re:

Comments on the Proposed Creation of Chapter ADM 46,

Wisconsin Administrative Code

#### Dear Ms. Sorenson:

I am writing on behalf of Wisconsin Public Service Corporation ("WPSC"), a public utility regulated by the Public Service Commission of Wisconsin ("PSC") under Chapter 196, Wisconsin Statutes, to comment on proposed Chapter ADM 46, Wisconsin Administrative Code. WPSC is aware that the American Transmission Company LLC has submitted comments on the proposed rules. WPSC supports those comments. We write separately to emphasize our concern with two particular aspects of the proposed rules.

First, it appears to us that the proposed rules do not specifically address when the obligation to pay the statutory fees arises. The issuance of a CPCN for a 345 kV transmission line does not guarantee that the line will actually be constructed and placed in service. A number of situations could arise in which a project is approved by the PSC, but is not actually constructed, or completion is delayed from the anticipated schedule. WPS believes that the rules should be revised to make it clear that the obligation to pay these fees does not arise merely upon issuance of the CPCN.

With respect to the one-time environmental impact fee, WPS suggests that the obligation to pay that fee should not arise earlier than the point at which actual construction of the project begins, since that is the point at which the environment is first affected. With respect to the annual impact fee, WPS believes that the obligation to pay it should not arise before the

### FOLEY & LARDNER

Ms. Donna Sorenson August 10, 2001 Page 2

project is completed and placed in service. WPS also agrees that the rules should provide for the truing up of the fees actually paid in light of the actual cost of the project.

Second, the rules should provide for an end of the obligation to pay the annual impact fee in either of two situations: 1) the line is retired from service; or 2) if a project incurs the obligation to pay fees, but for whatever reason is abandoned rather than being completed and placed in service.

Thank you for your consideration of these suggestions.

Very truly yours,

Trevor J. Will

cc:

James Loock David Ludwig Peter Holtz From:

Wichert, Don

Sent: To: Wednesday, April 18, 2001 3:55 PM Saunders, Mark - DOA; Marx, John

Cc:

Meier, Pat; Mapp, Jim

Subject:

Comments on Transmission Line Rule, ADM 46

I called Mary Grossman, Tax Team Leader, American Transmission Company (262/506-6871) to discuss comments on the Transmission Line Rule at John Marx's request.

She had two comments:

46.03 (6): "Limited Liability Companies" should be included under the definition of "person". American Transmission Company is a LLC.

46.04 (2) (last sentence) and 46.07 (first statement): It would better to base a time to pay on the date of mailing by DOA rather than the date of receipt by the transmission company. The transmission company may say it did not receive the bill or may not date stamp the bill when received. Therefore, by basing the invoice date on the date of mailing by DOA, DOA can track the number of days until it receives the bill. Ms. Grossman suggested the time between mailing the invoice and receipt of the fee be increased from 30 days to 45 days to allow time for mailing.

I told her I would pass on these suggestions and we would consider them in the final rule.

They seem reasonable to me.

Don Wichert, P.E.
Chief, Energy Resources Section
Director, Demand Side Applications of Renewable Energy Program
Wisconsin Energy Bureau
PO Box 7868
Madison, WI 53707
Phone: 608/266-7312
Fax: 608/267-6931

Visit the Focus on Energy Web page: http://www.wifocusonenergy.com